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PUBLIC INSTRUCTION

MEMORANDUM

TO: School Districts Operating Educational Programs On The Grounds
of Child Caring Institutions and Juvenile Detention Facilities

FROM: Jacquelyn J. Thompson, Ph.D., Director
Office of Special Education and Early Intervention Services

DATE: August 8, 2006

SUBJECT: Criteria for Direct Funding Public School Programs On The
Grounds of Child Caring Institutions and Juvenile Detention
Facilities

Enclosed is the "Criteria for Direct Funding Public School Programs Serving Pupils On The Grounds of Child Caring Institutions and Juvenile Detention Facilities" for the 2006-07 school year.

This criteria will be used as funding criteria for the completion of the 2006-07 Section 24 Final Cost Report in July of 2007. Districts need to file a letter of intent to continue to operate the on-grounds programs during 2006-07. Submission of this letter will guarantee preliminary funding for 2006-07. Letters of intent should be sent to Dianne Easterling, Michigan Department of Education, Office of Special Education and Early Intervention Services, P.O. Box 30008, Lansing, Michigan, 48909, *no later than August 31, 2006*.

We look forward to working with you during the 2006-07 school year in implementing the Section 24 fiscal and programmatic process. If you have questions regarding the budgetary process, please contact Dianne Easterling at (517) 241-4517.

JJT:DE:lp

Enclosure

OSE/EIS-06-21

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MICHIGAN DEPARTMENT OF EDUCATION
Office of Special Education and Early Intervention Services
Program Finance
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**CRITERIA FOR DIRECT FUNDING PUBLIC SCHOOL PROGRAMS
SERVING PUPILS ON THE GROUNDS OF CHILD CARING INSTITUTIONS
AND JUVENILE DETENTION FACILITIES**

(Revised July 2006 for the 2006-07 School Year)

Purpose

This document is designed to provide standards for reimbursing public school districts under various provisions of Section 24 of the State School Aid Act for pupils who, by court order or Department of Human Services (DHS) assignment, reside or are educated on the grounds of a juvenile detention facility or child caring institution. These are facilities licensed by the Department of Human Services or the Department of Labor & Economic Growth (DLEG), as child caring institutions providing residential care and/or treatment services to children and adolescents.

Continuing for 2006-07

The State School Aid Act for the 2006-07 school year will continue to reimburse programs operated under Section 24 on a combination of "added costs" and "formula" calculation". In 2006-07, 80% of the district's reimbursement will be based on the formula calculation and 20% of the reimbursement will be based on added cost. In 2007-08, 90% of the district's reimbursement will be based on the formula calculation and 10% will be based on added cost and in 2008-09 the total reimbursement to a district will be based on the formula allocation. (See Attachment A for the specific language under Section 24 of the State School Aid Act).

Districts will continue to use the enclosed criteria to determine the amount of "approved" costs eligible to be reimbursed under Section 24. The eligible "approved" costs will continue to be calculated in the same format as in previous years, using the ratios for staffing developed in this document. From the "approved" costs, the Department will deduct "all other revenue received under this act" to determine added costs. This is the same procedure as done in past years and the types of revenue deducted would continue to be foundation allowance, Section 53a, Section 51a or Section 51a3. For the 2006-07 year, 20% of the \$8,000,000 appropriation or \$1,600,000 will be distributed as reimbursement on the "added costs" basis.

The remaining 80% of the Section 24 appropriation will be distributed upon the formula calculation method. The Department will calculate a per pupil allocation as described under Section 24(2)(b). This will be done by taking the total FTE upon which membership is paid for the year for pupils funded under Section 24 and divide that total into 80% of the \$8,000,000 appropriation or \$6,400,000. Each district will then receive as reimbursement the lesser of their "added costs" or the per pupil allocation times the membership of pupils funded under this section as the formula calculation reimbursement.

As you can see it is imperative that the district accurately report their pupil membership enrolled in these programs on the SRSD. The district will need to work with the ISD pupil accounting auditor to ensure the FTE reported is accurate as it will affect revenue paid to the district.

This reimbursement methodology will affect revenue paid to districts with either the November or December 2006 payment. The data used to make the preliminary distribution of state school aid will be the district's 2005-06 approved final costs from form SE-4824 Section 24 Actual Cost Report and the district's blended membership count from the 2005-06 school year.

Eligibility Criteria

Funding is limited to pupils who meet all of the following criteria:

1. The pupils are educated on the grounds of a facility licensed by the DHS or DLEG as a child caring institution. Pupils in facilities with a day care or foster care license *do not* qualify.
2. The pupils are educated in the facility by order of a court or DHS. Pupils placed by their parents, community mental health, or private agencies *do not* qualify.
3. The pupils' behavior plan requires them to remain on the grounds for their educational hours and confined to the facility or home for *all* non-educational hours. State and federal civil rights regulations, as well as the state special education rule, require placement of pupils in the least restrictive environment.

Funding Sources

Public school districts that are approved to operate educational programs on the grounds of a juvenile detention facility or child caring institution have a number of funding options:

1. Collect the educating district's foundation allowance. Effective with the 1996-97 school year, Section 3(6) and Section 6(4)(d) of the State School Aid Act authorize the educating district to collect its foundation allowance for pupils residing in a juvenile detention facility or a child caring institution. (This is the foundation allowance of the district in which the facility is located.)
2. Apply for federal funds under ECIA Title I Neglected and Delinquent Enrichment funding.
3. Qualify for special education categorical aid. Section 51a of the State School Aid Act authorizes funding to districts that employ special education approved teachers to provide the instruction to all youth placed in a juvenile detention facility or child caring institution approved by the Department to provide an on-grounds educational program. The cost of educating special education pupils in Section 24 facilities are included in the determination of the state's obligation to reimburse districts for 28.6138% of the total necessary costs of special education under Section 51a and may generate funds in addition to the foundation allowance paid for these pupils.
4. Claim Section 53a funding using the standard procedure identified in the directions for the Special Education Actual Cost Report (Form SE-4096). Programs approved to operate on the grounds of a juvenile detention facility or child caring institution may be approved to charge a portion of the costs to Section 53a based on the portion of eligible Section 53a pupils. The portion of costs billable to Section 53a are calculated by dividing the total fall pupil membership count into the Section 53a membership count. **Section 53a funding is limited to eligible special education pupils.** Pupil costs reimbursed under Section 53a *shall not* be reimbursed under Section 24.

5. Claim 100 percent of the *added cost* for education programs under Section 24 of the State School Aid Act. Added cost is computed by deducting all other state revenue received under the State School Aid Act, including the foundation allowance, Section 51a, Section 51a(3), Section 53a, Section 22b and Section 51c funds from the total approved expenditures.

Requesting Approval for Section 24 and Section 53a Funding

School districts must be approved by the Michigan Department of Education (MDE) to operate programs on the grounds of juvenile detention facilities or child caring institutions to receive funding under either Section 24 or Section 53a of the State School Aid Act prior to the first year of operation. In the initial year, the district must submit a written request for Section 24 and/or Section 53a funding to the Department of Education and receive approval to operate a program on the grounds of a juvenile detention facility or child caring institution. The Michigan Department of Education may do periodic reviews to assure the program continues to meet the requirements for educating pupils in a restricted setting.

Direct written requests for the program's initial year for Section 24 or Section 53a funding to: Michigan Department of Education, Office of Special Education and Early Intervention Services (OSE/EIS), Program Finance, P.O. Box 30008, Lansing, Michigan 48909. The request must contain the following:

1. The name and location of the juvenile detention facility or child caring institution.
2. The number of beds approved by the Michigan Department of Human Services.
3. Evidence of DHS or DLEG license. Further, if facilities have been added for educational purposes (not residential) please include evidence of approval by fire marshall and health department offices.
4. Other demographic or program information that will assist the Michigan Department of Education to facilitate the district's education program for adjudicated youth.

The MDE staff will contact the district and arrange an on-site visit to review the program for approval. A copy of the program approval criteria is available from the OSE/EIS upon request.

Criteria for Approving Costs

Funding is contingent upon the submission and approval of the Section 24 Actual Cost Report that is within the cost criteria that follow and a continuation of operation letter as described on page 6.

These criteria will be used by the Department of Education in establishing preliminary state aid payments under Section 24 of the State School Aid Act. *(Please note: the Section 24 Actual Cost Report was sent to districts earlier under separate cover)*

Districts may not arbitrarily assign staff to these programs based on factors designed to place the highest salaried staff in these state 100% funded programs.

The percent of part-time staff that can be charged to Section 24 or Section 53a will be calculated using the lessor of 200 days or the number of days the district operates regular school year programs. These ratios apply to contract staff, as well as those employed by the district.

Example. The district qualifies for a liaison person to be employed 60 days. The district operates programs for 200 days. The district could claim 30 percent of the liaison person's salary and fringe benefits (60 divided by 200).

Ratios and multiples are subject to review by the Michigan Department of Education.
Costs beyond these ratios must be assumed by the district.

1. Teacher to Student Ratio. Districts will be funded based on the number of full-time equated pupils, enrolled on the September pupil count, for either:
 - 1 teacher for each 8 or more pupils, or
 - 1 teacher, 1 paraprofessional for each 10 or more pupils
2. School Liaison. The district may assign staff to liaison with the institution, coordinate IEPs, provide supervision, or otherwise help coordinate the program operated on the grounds of the child caring institution. *Three days* of liaison staff time will be funded for each pupil based on the number of licensed bed(s) or number of pupil(s) enrolled on the February count date whichever is greater with a *maximum of one liaison per facility*. This person may be a supervisor, principal, teacher consultant for students with disabilities, or other professional who carries out this activity on either a full or part-time basis. The liaison staff person *must be on-site* for the time funded. The district's director of special education may not be reimbursed from Sections 24 or 53a to carry out this function.

Please be advised that persons who are not special education approved persons may not be funded under Section 52 or Section 53a. Such persons will be funded under Section 24. Please list the name of the person functioning as the school liaison and whether the person holds special education approval and the type of such approval.

Example: A facility which anticipates providing education to 20 students or has 20 licensed beds will have a maximum of 60 days of liaison staff (20 students beds x 3 days each).

3. Secretarial Staff. Three days of clerical time will be funded for each licensed bed or for each pupil enrolled on the February count date whichever is greater with a maximum of 1.5 FTE per facility. To qualify for Section 24 funding, the staff must be housed on the grounds of the child caring institution for the time periods funded.

Districts should be able to distinguish when the secretary is dealing with educational records which are funded under Sections 52, 53a and 24 and when the record keeping is a "facility" treatment function which should be paid for by the facility.

4. Diagnostic Personnel. A maximum of *two days* of diagnostic time during the detention/placement period will be funded for each new pupil for the services of a teacher consultant for students with disabilities, school psychologist, school social worker, or school counselor.

In addition, a school social worker may be reimbursed for a maximum of two days for each new pupil referred to special education suspected of being emotionally impaired.

The district must keep records showing the actual time spent in the on-grounds program by diagnostic personnel on a pupil-by-pupil basis for audit purposes.

Example: A facility anticipates evaluating 120 pupils. The district wishes to employ a school psychologist to handle this function. The district will be approved for a maximum of 240 days (120 pupils x 2 days each) of this service.

The costs for the school counselor position may not be charged to Section 52 or Section 53a since such positions are not approvable under the special education administrative rules. Such costs will be reimbursed under Section 24 only.

5. Special Education Ancillary and Related Services. Services are to be billed on the actual time the staff works in the facility to meet the requirements for services established in each pupil's IEP. The district must keep records showing the actual time spent in the on-grounds program by personnel on a pupil-by-pupil basis for audit purposes.
6. Instructional Costs. These costs include supplies, professional development, non-staff purchased services, and capital outlay. Districts will be reimbursed a maximum of \$400 per pupil. This can be based on the number of residential pupils the facility is licensed to serve or the number of pupils educated on the February count date, whichever is greater. Instructional costs include items listed in the *Special Education Allowable Expenditures for State and Federal Funds* under object codes 3000 through 6000.
7. The following costs are not reimbursed:
 - a. Rent and Other Overhead Expenses. The child caring institution is responsible to provide facilities which meet the requirements of the Fire Marshall and Health Department for classroom space as a condition for serving pupils on the grounds.

School districts may not claim any charge for rent. DHS reimburses the facility for its operation and maintenance.
 - b. Pupil Transportation. Transportation is not funded under Section 24. Special education day pupil transportation is funded under Sections 53a or 51a of the State School Aid Act.

Required Length of School Year

Programs must be scheduled the minimum number of days and the minimum number of clock hours of instruction required by the State School Aid Act. For the 2006-07 school year, the number of hours required is 1,098. The program will be funded to operate the same number of days and hours approved for the district's regular K-12 programs.

Intermediate school districts may schedule the special education program housed at the child caring institution or at a juvenile detention facility the same number of days and hours provided for a program for students with moderate cognitive impairment but will not be reimbursed out of Section 24 for more than 200 days of instruction.

Costs for programs in excess of the 200 days are considered summer or enrichment programs and are not eligible for reimbursement under Section 24. In regards to summer programs for incarcerated youth, many districts are using Title I monies, contracting with the court or sponsoring agency for financial assistance or securing funds from private or public endowments.

Reporting Final Costs

1. Each district applying for categorical aid under Sections 24 or 53a of the State School Aid Act must set up a cost center in its accounting system for each child caring institution and juvenile detention facility.
2. The operating district will be responsible to include a detailed list of expenditures charged to Section 52 and Section 53a on the *Special Education Final Cost Report Form* SE-4096, which outlines expenses by function and object code.
3. Diagnostic and other split-funded personnel must keep a record of the pupils evaluated and the time spent on each evaluation. The criteria found in Attachment A must be used to allocate final costs among Section 24, Section 52, and Section 53a.
4. Documentation of costs must be maintained so that the Michigan Department of Education can audit expenditures charged to Sections 24, 52, and 53a of the State School Aid Act. The district must also keep pupil attendance records in a format consistent with the State Board of Education's *Membership Accounting and Auditing Manual*. These records are also subject to review by the intermediate school district and the Michigan Department of Education pupil accounting auditors.
5. It is anticipated that these programs will be audited by the Michigan Department of Education at least once every three years.

Application Process and Reporting Requirements

Public school districts approved to operate a program on the grounds of a child caring institution or a juvenile detention facility in the 2006-07 year need only submit a letter indicating they will continue to operate the program they operated in 2005-06. Preliminary payments for these districts will be the final approved payment the district received for the 2005-06 year as adjusted for the final reported cost.

Requests for program or technical assistance information should be directed to:

Dianne Easterling, Education Consultant
Michigan Department of Education
Office of Special Education and Early Intervention Services
P.O. Box 30008
Lansing, Michigan 48909
Telephone: (517) 241-4517

**MICHIGAN DEPARTMENT OF EDUCATION
Office of Special Education and Early Intervention Services
Program Finance**

Section 24 of the State School Aid Act for the 2006-07 school year reads in part as follows:

(1) From the appropriation in section 11, there is allocated for 2006-2007 an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) For 2006-2007, 80% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 20% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

(a) "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services or the department of labor and economic growth and approved by the department to provide an on-grounds education program. Added cost shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

(b) "Department's approved per pupil allocation" for a district or intermediate district shall be determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.

(3) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

(4) Special education pupils funded under section 53a shall not be funded under this section.

**MICHIGAN DEPARTMENT OF EDUCATION
Office of Special Education and Early Intervention Services
Program Finance**

SUBJECT: Accounting for the Time of Special Education Personnel Who are Assigned Part Time to Regular Education Programs

Purpose

This memorandum identifies the criteria and methods to be used by districts in meeting their obligation for documenting the time that staff persons with a split assignment are claimed for special education categorical reimbursement.

Personnel Qualifications

Section 51a(7)(a) of the State School Aid Act reads in part:

...Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

As indicated above, only "approved personnel" may have a split assignment. "Approved personnel" include special education teachers, teacher consultants for students with disabilities, curriculum resource consultants and supportive professional personnel such as school psychologists and social workers, occupational and physical therapists, and other professional personnel approved by the Department under R 340.1792.

Teacher assistants, instructional aides, secretaries, and other categories of para-professional personnel may not be split funded. They must be assigned for their full time employment with the district to special education to qualify for reimbursement.

Intermediate directors of special education must be assigned full time pursuant to R 340.1750(2) of the Administrative Rules for Special Education.

Local directors of special education and special education supervisors must be assigned at least half time to special education administration as required by R 340.1750 and R 340.1751 of the Administrative Rules for Special Education.

Criteria

Special Education approved personnel with split assignment qualify for reimbursement during the time they are evaluating or providing service exclusively to special education students. A student is considered to be a "special education student" from the time the parents sign the referral form until the student is determined no longer eligible for special education through the IEPC process or reaches 26 years of age as of September 1.

Methods for Prorating Costs

1. Proration by the Number of Hours Students are Served

This method is recommended for teachers and other staff providing instructional services. This method requires counting the total number of hours each staff person with the split assignment works with students and divide that into the number of hours spent working exclusively with special education eligible students. This formula will

identify the percent of cost for the special education person with the split assignment that will qualify for special education categorical reimbursement.

Formula:
$$\frac{\text{Hours with Special Education Students}}{\text{Total Hours with Students}} = \% \text{ Reimbursable}$$

The school district will be responsible for maintaining an assignment schedule for each approved person to verify the number of hours worked with special education students.

If this method is used with teacher consultants for students with disabilities, teachers of students with speech and language impairment, or other special education personnel with a flexible schedule, the district will be responsible for maintaining a log which will identify the special education students served by name, the building of assignment, and the amount of time the student received service from the special education staff person with a split assignment. If the assignment varies from month to month, a sample may be used. A sample should be taken once each semester. The worksheets for the DS-4061, Pupil Membership Count, are acceptable documentation for September if that month is used in the sample.

Example: A teacher with a split assignment is contracted to work six hours a day. The teacher spends one (1) hour in preparation and five (5) hours of instruction. Two (2) hours are spent with special education students with the remaining three (3) hours being spent with regular education students. Using the above formula, we find that the teacher is assigned 40% of the time to special education ($2 \div 5 = 40\%$). This teacher would be reported as .4 professional personnel on the SE-4096 Final Cost Report and the teacher's salary and fringe benefits would be multiplied by .4 to determine the amount of salary claimed on the final cost report for special education reimbursement.

2. Proration by Caseload

This method is used for school psychologists, school social workers, and other special education personnel whose activities require a flexible daily schedule. The total number of students served during the year is divided into the number of special education students. The resulting percentage is the amount of time that can be charged to special education for categorical reimbursement under Chapter 5 of the State Aid Act.

Formula:
$$\frac{\text{Special Education Students Served}}{\text{Total Students Served}} = \% \text{ Reimbursable}$$

School psychologists, school social workers, teachers of homebound and hospitalized services, or other special education personnel with split assignments using this method will maintain a roster showing the name of each student served and will identify whether the student is a regular education student, special education student, or a special education referral.

Example: A school psychologist sees 110 students during the year. Fifty-five (55) of these students are either special education referrals or referred for re-evaluation. The district will claim this person on the SE-4096 as .5 ($55 \div 110 = 50\%$) professional and will multiply the psychologist's salary and fringe benefits by .50 to determine the amount of the psychologist's salary and fringe benefits that will be included for reimbursement on the SE-4096.

3. Proration by Function

This method is used for special education directors and supervisors. The district must use a reasonably accepted method to validate the time charged to special education.

- a. Split time allocation: This method is where a block of time is set aside where only one (1) job function occurs.

Example: The district assigns a person to administer special education and transportation. From 6:30 a.m. to 8:30 a.m. the administrator works out of the bus garage; from 8:30 a.m. to 1:30 p.m. s(he) works out of the special education office; from 1:30 p.m. on s(he) handles transportation issues. Transportation issues are scheduled from before 8:30 a.m. or after 1:30 p.m. The work of the two (2) programs is kept physically separated.

Formula: $\frac{\text{Hours in Special Education Office}}{\text{Total Hours Worked}} = \% \text{ Reimbursable}$

- b. Daily log: A log listing the special education activities and time it takes is kept. Hours spent on special education are listed along with total hours worked. Activities such as staff meetings and conferences, which are not exclusively related to special education, are not counted.

Formula: $\frac{\text{Hours Working on Special Education}}{\text{Total Hours Worked}} = \% \text{ Reimbursable}$

The district must maintain sufficient records for a monitor or auditor to be able to verify the amount charged to special education.

Claims for state aid may not be made based on estimates, assignments, contracts, other methods that cannot be measured and verified.

Intermediate District Responsibility for Reviewing Costs

Each intermediate district is expected to review the SE-4096 final cost report to ensure that:

1. All programs that are being claimed for reimbursement are approved in the intermediate plan as required in Section 52 and Section 53a of the State School Aid Act, and to notify the Department of any special education programs or services that are claimed for reimbursement and not approved in the intermediate plan.
2. Notify the Department of any personnel who are teaching without a certificate or who are providing special education ancillary and related services without approval of the Department in accordance with Section 1233(2) of the School Code of 1976.

Intermediate districts that check the costs reported by local districts as a condition for providing intermediate millage reimbursement under R340.1811 should notify the Department if they feel that a district's method for claiming state aid on a person who has a split assignment is inconsistent with the State Aid Act or does not provide an accurate reflection of the amount of time spent with special education students.

Technical Assistance

Questions regarding split-funded positions or procedures for documenting costs for split-funded personnel should be directed to the Michigan Department of Education, Office of Special Education and Early Intervention Services, Program Finance, P.O. Box 30008, Lansing, Michigan 48909, or you may call (517) 241-4517.

Formerly II-013
May 5, 1994